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S E C R E T SECTION 01 OF 03 BRUSSELS 000254

SIPDIS

STATE FOR EEB/ESC, P, NEA/IR, ISN, S/CT, L, EUR, INLTREASURY FOR TFFC, TFI, OIA

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PINR, FR, EUN

SUBJECT: U.S.-EU TERRORIST FINANCING ISSUES

REF: A. 2008 SECSTATE 134774

[B](#). BRUSSELS 41

[C](#). BRUSSELS 168

Classified By: USEU EconMinCouns Peter Chase for reasons 1.4 (b), (d), (e).

[1](#). (S) Summary: Deputy Assistant Secretary of State for Energy, Sanctions and Commodities Douglas Hengel and USEU Econoff met on February 6 with European Union Counter-Terrorism Coordinator (EU CTC) Gilles de Kerchove, Council Secretariat Principal Administrator for the Counter-Terrorism Working Group (COTER) Ignacio Diez Parra, and Commission Directorate General for Justice, Freedom and Security Counter-Terrorism Policy Officer Ingo Weustenfeld to discuss follow up action to the November 20, 2008 U.S.-EU Terrorist Finance Troika (REF A). De Kerchove promised to follow up on the U.S. suggestion for a "road-show" on how to address the abuse of charities by terrorist financiers after the EU's February 12 conference with the non-profit sector and expressed concern over the future of the U.S. Terrorist Finance Tracking Program. Diez Parra requested U.S. confirmation of the May 27-28 U.S.-EU terrorist finance workshop dates in Prague. End Summary.

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MEK, Al Qaeda: Preserving EU Counter-Terrorism Sanctions  
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[2](#). (C) DAS Hengel sought de Kerchove's views on the action and coordination needed to address the aftermath of the EU's court decisions against UN-mandated Al Qaeda and Taliban sanction designations (UNSCR 1267) and the EU's autonomous designation of the Mujahideen-e Khalq (MEK) (REF B). De Kerchove noted the Council is still awaiting a legislative proposal from the Commission to address the deficiencies identified by the courts in the EU's UNSCR 1267 system (REF C, paragraph 11). Seven related cases are still pending before the EU courts.

[3](#). (C) On MEK, de Kerchove asked whether the United States can present additional information to help the EU cause for

re-listing. He stressed that the Council "considers this a terrorist organization that we did not manage to put on the list." The French basis for listing has been "stretched to the limit," and the EU "needs solid elements that can be released to the public."

14. (C) De Kerchove noted he plans to visit the UN 1267 Committee in New York. His visit planned for the end of 2008 was vetoed by the French Presidency, who worried he might "say the wrong thing." De Kerchove took umbrage with this but kept the insult to himself, deferring to the Presidency's wishes.

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Protecting Charities from Terrorist Abuse  
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15. (C) DAS Hengel asked EU CTC De Kerchove whether he was open to the idea of a one-week U.S. "road-show" (Treasury, USAID, State) to key EU capitals to showcase the U.S. pilot project related to the Financial Action Task Force Special Recommendation VIII on Non-Profit Organizations (NPOs). De Kerchove said it is too soon for him to respond; EU Member States are still sensitive about engaging on this issue. Their response will depend in part on the policy discussions stemming from the Commission-hosted conference on this issue on February 12 in Brussels. (Note: A U.S. Treasury representative presented on the U.S. Alternative Relief issue at this event. End Note.) Weustenfeld explained that the

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conference would present a study the EU commissioned two years ago to discuss transparency, accountability, and special cases in the EU NPO sector. Belgium had been rated "compliant" with FATF SR VIII, as had the Italians. The two countries were being asked to present their experiences to the group. The EU would explore hand-picked NPO umbrella organizations' thinking about what type of EU-level approach they might be willing to accept. NPO interest in this conference was significantly higher than the Commission's previous attempt. The Commission is responsible for reporting on the conference outcome to the Council, possibly with a view to policy development. De Kerchove promised to respond to DAS Hengel's suggestion after the conference with ideas for next steps. Brussels should be a potential "road-show" stop, he suggested.

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U.S.-EU Terrorist Financing Workshop  
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16. (C) For the May U.S.-EU Terrorist Financing Workshop in Prague, de Kerchove will instruct the Commission (Directorates General for Development and the Fight Against Fraud (OLAF)) to help prepare a presentation on how the EU prevents its assistance funds from being diverted for terrorist purposes. For example, how do they prevent their billions of euros in EU financing from being diverted in Gaza? De Kerchove also instructed the Council's workshop coordinator to see if Belgium and Italy could provide their presentations from the February 12 conference on NPOs to the U.S.-EU workshop.

17. (C) DAS Hengel inquired about the status of the EU's approval of the workshop "capstone" document, summarizing the series to date. Diez Parra explained that the U.S. cancellation of the workshop under the French Presidency had disrupted the process of the EU's finalizing the report; furthermore, key Council personnel turnover meant the Czechs were just now re-starting the process to circulate the latest version for EU Member State comments. He requested that the United States confirm that the May 27-28 dates for the Prague workshop are agreed and settled by the U.S. side. DAS Hengel responded that the misunderstanding over the French workshop should not have happened, apologized, and confirmed that the U.S. agrees to the May 27-28 workshop dates in Prague. De

Kerchove added his willingness to lean on the Czechs if no response is received in a timely manner.

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SWIFT: U.S. Terrorist Finance Tracking Program  
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18. (S) De Kerchove provided a read-out of his recent meeting in Washington with U.S. Treasury U/S Levey regarding the Terrorist Finance Tracking Program and SWIFT. De Kerchove seemed concerned to have learned that some of the data may move to Switzerland, which "may make the program less efficient." He said the Netherlands could be sited for non-U.S. data, and Switzerland for U.S.-related and those who opt in to accept mirrored data in the U.S. De Kerchove expressed reservations over this set up, noting the U.S. would "lose access to half of it." Even with a subpoena, the USG would not be able to access 100 percent of the information. De Kerchove said they are "trying to see what we can do -- this is a very important terrorist financing issue."

19. (U) Note: On February 17, the Commission issued a press release following Vice President Jacques Barrot's closed-door presentation to the European Parliament's Civil Liberties Committee on February 16 of the designated "Eminent European

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Person Judge Bruguiere" report on Treasury's adherence to its TFTP commitments to the EU. Barrot echoed De Kerchove's sentiments, saying "The TFTP has generated significant value in the fight against terrorism, notably in Europe." End Note.

110. (U) DAS Hengel cleared this message.

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